

**TOP SECRET**

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**Next 2 Page(s) In Document Exempt**

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*no*

Turkey-USSR: While Prime Minister Menderes is emphasizing the "enduring strength of US-Turkish ties," and in all probability Turkey does not desire to change its basic strategic policy, President Bayar and Foreign Minister Zorlu are pressing the current economic "flirtation" with the USSR. Turkish leaders may be overconfident of their ability to control their relations with the Soviet Union.

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*yes*

Cyprus: Greek-Turkish relations have been severely strained by the communal rioting on Cyprus which continued for the third day on 9 June. Archbishop Makarios has instructed the Greek Cypriots to organize their own defenses against Turkish-Cypriot attacks.

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*no*

South Vietnam - Cambodia: Relations between these two countries, chronically bad, have worsened in recent weeks as a result of border disputes and numerous economic and political problems. This impedes efforts to develop co-operation against Communism.  
(Page 7) (Map)

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10 June 58

DAILY BRIEF

ii

25X1

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*yes*  
\*Tunisia - France: Tunisia has accepted "substantial-ly all" of France's proposals of 8 June to evacuate all troops except those in Bizerte if Tunis will agree "in principle" to negotiate the retention by France of its Bizerte base. The Tunisians have balked, however, at giving formal assurances that they will leave the base at the disposal of French forces. Their counterproposal is to open negotiations for a provisional agreement on Bizerte before 1 October--when virtually all French forces outside the base would have been evacuated.

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### III. THE WEST

*yes*  
Portugal: Unprecedented opposition to the Salazar regime is indicated by the fact that about 20 percent of the voters in the urban areas supported opposition candidate General Delgado. Portuguese authorities have expressed surprise at the strength of the Communist party as revealed during the campaign. As a result of the campaign, the regime will probably be less complacent about its political future, but its stability is by no means threatened.

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10 June 58

DAILY BRIEF

iii

25X1

**Next 4 Page(s) In Document Exempt**

### Turkish-Soviet Economic Negotiations

Despite Ankara's basic pro-Western orientation and confidence in its ability to keep economic negotiations with the USSR within bounds, Turkey could become over-involved with the USSR despite centuries of experience with the Russians. If Turkey should fall victim to enticing Soviet economic blandishments, it could start a chain reaction of accommodations with the USSR affecting the entire area.

Turkish Government leaders have become desperate over Turkey's long-standing economic crisis. Lack of foreign exchange has created shortages of consumer goods, raw materials, spare parts, and other essential imports. Turkey has requested large-scale interim economic assistance from the United States and West Germany to tide it over until the OEEC and IMF can conclude their present survey and propose a long-term solution of Turkey's economic problems. The USSR is reportedly offering nearly \$300,000,000 in credit. If no other aid is in sight, Ankara will probably accept as long as no special demands are imposed by Moscow. Turkish leaders, however, probably do not appreciate the security implications involved in acceptance of significant amounts of capital equipment from the Soviet bloc.

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Cyprus Situation

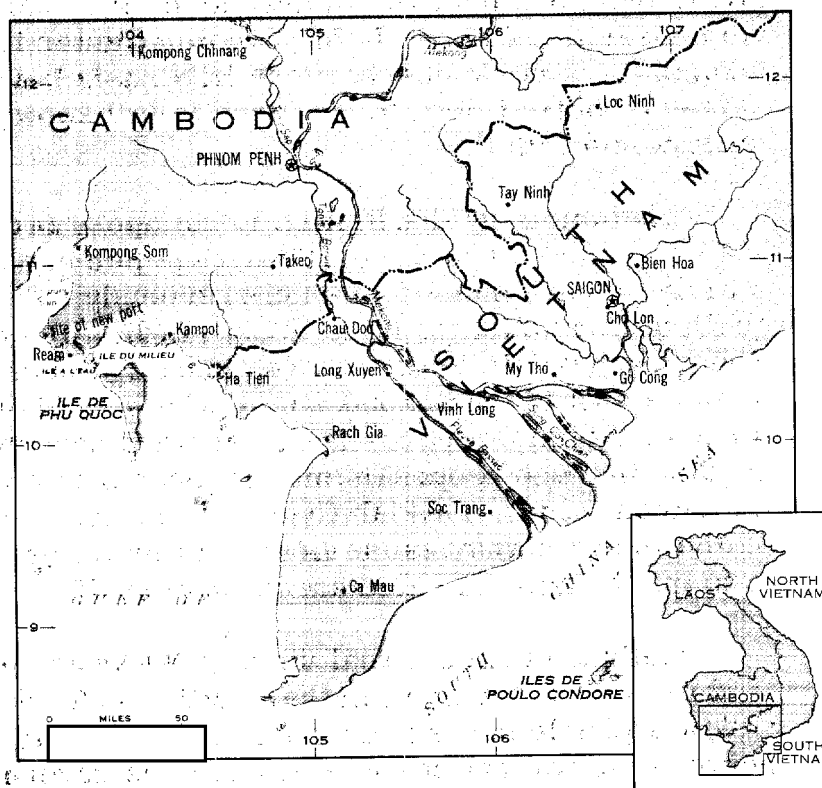
Clashes between Greek and Turkish Cypriots continued on 9 June for the third straight day, and the government imposed new curfews on many cities and towns throughout the island. At least six persons have been killed and more than 100 injured since the explosion of a bomb near the Turkish Information Center in Nicosia on 7 June.

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Attempts by the British to reimpose order on Cyprus are complicated by the fact that the police are composed largely of Turkish Cypriots, previously unreliable for quelling Turkish-Cypriot mobs. In addition, Governor Foot may hesitate to act vigorously against demonstrators on the eve of the announcement of a new British proposal for settling the Cyprus issue. Fear and uncertainty regarding these proposals may have been prime causes for the violence by Turkish Cypriots. The present situation on the island may cause London to alter its previous plans to make the anticipated announcement by 17 June.

Continued communal violence on Cyprus could easily lead to incidents against the minorities in Turkey or Greece, with a probable subsequent break in diplomatic relations between the two nations. In Athens, the government has asked for a meeting of the NATO Council, has protested Turkish-Cypriot action to London and Washington, is not permitting the Greek ambassador to return to Ankara, and has indicated anxiety over rumored Turkish troop movements on the Anatolian coast opposite Cyprus.

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Relations Between Cambodia and South Vietnam Deteriorating

The chronic poor relations between Cambodia and South Vietnam have deteriorated seriously in recent weeks as a result of cumulative grievances over border disputes and over political and economic issues. The growing ill will between the two countries was sharpened on 29 May by a South Vietnamese notification that Cambodian naval shipping would thereafter not be permitted to transit the lower Mekong River without prior authorization. Since the temporary Vietnamese embargo on Cambodian goods in early 1956, Cambodia has smarted over its dependence on Vietnamese waters as a shipping outlet to the sea.

Ultrationalism, aggravated by personality clashes between Vietnamese President Diem and Cambodian Crown Prince Sihanouk, has frustrated sporadic attempts to settle mutual differences despite the fact that both governments recognize this would be in their best interests. Communist propaganda, moreover, has encouraged Cambodia's inclination to attribute its troubles with South Vietnam to Western-directed pressure to abandon neutrality and join SEATO.

Continuing tensions between Cambodia and South Vietnam are hampering efforts in both countries to combat Communist subversion, and also undermine a regional posture against Communism. In addition, the Communist bloc stands to benefit psychologically if Cambodia carries out its threat to air its grievances against South Vietnam in the United Nations.

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### Tunisia Accepts Most of French Evacuation Proposals

Tunisia has accepted "substantially all" of France's proposals of 8 June, according to French chargé Benard. The new proposals included an offer to withdraw from Tunisia within four months the 9,000 French troops outside Bizerte, if Tunis will agree "in principle" to negotiate French retention of the Bizerte base and to allow the 13,000 French troops in the base area to circulate freely. Benard states that the Tunisian Government is willing to grant immediate freedom of movement between various French installations in the Bizerte area once evacuation begins. The Tunisians, however, have balked at giving written assurances that Bizerte will remain at the disposal of French forces, and have made a counterproposal to enter into negotiations for a provisional agreement regarding Bizerte before 1 October--when virtually all French forces outside the base would have been evacuated.

French officials in Paris informed the American Embassy on 7 June that they were prepared to agree to all essential elements of the Anglo-American "good offices" proposals of 15 March. The good offices recommendations proposed re-establishment in two phases of French-Tunisian negotiations disrupted by the Sakiet Sidi Youssef bombing on 8 February. The first phase provided, among other things, for the evacuation of all French forces outside Bizerte and stationing of neutral observers who would report to the American and British ambassadors, at evacuated airfields in southern Tunisia. The second phase provided that a provisional regime for the Bizerte base would be defined by mutual agreement in conversations which might be conducted simultaneously with the evacuation of troops stationed elsewhere in Tunisia.

While the new French proposal appears in large measure to meet Bourguiba's objections to French demarches of late May, he will continue to be under heavy popular pressure for total evacuation. He probably will again ask the United States and Britain to indicate their willingness to continue their good offices should there be new difficulties with France.

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### III. THE WEST

#### Extent of Unrest in Portugal Causing Concern in Lisbon

The intensity of popular dissatisfaction shown during Portugal's 8 June presidential election campaign has caused general surprise in Lisbon. Premier Salazar himself, whom the American Embassy in Lisbon describes as "unquestionably greatly shaken" by popular manifestations against the regime, admitted at a public rally of his party at the end of the campaign that reforms may be necessary to meet this discontent. Many persons are said to feel that opposition candidate General Humberto Delgado would have won a free election.

The small, illegal Portuguese Communist party is reportedly exploiting the unrest to the fullest. Officials of the state security police are reported surprised at the party's strength and organization. Mass demonstrations which the Communists hoped to stage on election night did not materialize. Nevertheless, the party has reportedly issued instructions to have arms available to support any popular violence against the government.

The regime's expressed determination to use all available means to re-establish pre-electoral tranquility is likely to intensify friction among top government factions. This may come to the surface during the next few weeks when anticipated cabinet changes are made. Nevertheless, the government will almost certainly be able to control any disorders.

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